

**THE ROLE OF ENTREPRENEURIAL ORIENTATION ON BUSINESS
PERFORMANCE A CASE OF KINONDONI MUNICIPALITY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF PROJECT
MANAGEMENT OF THE OPEN UNIVERSITY OF TANZANIA**

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for examination by the Open University of Tanzania the dissertation entitled: “*The Role of Entrepreneurial Orientation on Business Performance- A Case of Kinondoni Municipality*” in fulfillment of the requirements for the degree of Master of Project Management (MPM) of the Open University of Tanzania.

.....

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Supervisor

.....

Date

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DECLARATION

I, **Emma John**, do hereby declare that this dissertation titled: **“The role of Entrepreneurial Orientation on Business Performance –A Case of Kinondoni Municipality”** is my own original work, and that it has not been submitted for a similar degree in any other University.

.....

Signature

.....

Date

DEDICATION

This dissertation is dedicated to my parents Mr. & Mrs. John Lekseu for their best parenting responsibility that enabled me to reach where I am today.

I also dedicated this to my mentor Midu Bisanda who has been helping me since the day I started this Programme till now.

ACKNOLODGEMENT

I would like to thank God for the strength and power he has given me though out this two years. It's by his grace that I accomplished this dissertation for this academic achievement.

This dissertation have been checked, directed and guided by Dr. Raphael Gwahula whom it was a pleasure working with. I enjoyed the privilege of working with such a brilliant smart Dr. for his valuable contribution towards the entire work.

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ABSTRACT

The objective of this research was to assess the Role of Entrepreneurial Orientation on Business Performance. This was assessed by determining the relationship between the EO and Business Performance in Kinondoni Municipal. The methodology employed Descriptive Statistics, Factor Analysis as well as Multiple Linear Regression. The study used a sample of 150 entrepreneurs who are registered and doing business in Kinondoni Municipal. Questionnaires were used to collect data, Factor Analysis, Correlation and Multiple Regression Analysis were used to analyze data so as to make it easier to interpret in which the EO was the independent variable where as Business Performance was the Dependent Variable. The study revealed that the study Predictors (proactiveness, Innovation, Risk Taking, Competitive Aggressiveness and Autonomy) as the dimensions of EO as well as Sales growth, profit and market share as the dimensions of Business Performance. The study found a positive relationship between the dimensions of EO and Business Performance. Moreover the study confirms the dimensions of EO as important in the success of the Business and therefore suggests that all SME's in Kinondoni District should adopt EO strategies for the success of their businesses by putting policies and procedures that enable employees to be innovative, proactively and encourage autonomy, which will help to attain competitive aggressiveness.

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LIST OF ABBREVIATIONS

BP	Business Performance
EO	Entrepreneurial Orientation
GDP	Gross Domestic Product
SME's	Small and Medium Enterprises

CHAPTER ONE

INTRODUCTION

1.1 Chapter Overview

The chapter provides the background information, statement of the problem, Research objectives, Significance of the study, Scope of the study, and Limitation/Delimitation of the study.

1.2 Background of the Study

Entrepreneurship is increasingly recognized as an important factor in economic growth, innovation and employment and productivity, it is accepted as aspect of economic change (Shane, 2003). Entrepreneurial Orientation was originally. Conceptualized by Miller (1983) who stated three dimensions of EO. The dimensions are risk taking, proactiveness and innovation. Later on, Lumpkin and Dess (1996) come out with two more dimensions; Competitive Aggressiveness as well as Autonomy. They said that all the dimensions are important in understanding the entrepreneurial process but depending on the entrepreneurial opportunity all the five dimension or some can enhance entrepreneurial behavior in the firm.

As per Calcopietro & Massawe (1999) SME's accounts for 90% of all businesses in Africa, while it contribute for 50% employment. In South Africa SME's accounts for 91% of the registered businesses, contribute about 50% to 57% of GDP and accommodate 61% of the labour force. Bonuedi et (2015), EO dimensions and profitability nexus: evidence from micro enterprises in the retail sector in a developing country that was conducted in Ghana showed that there is a relationship between Proactiveness, Risk taking and Profit but innovation is not related to Profit.

Also, entrepreneurship has been used as one of the means to tackle unemployment rate in Tanzania. This is because the Public Sector cannot accommodate all the labor force produced each year. Almost 27% of Gross Domestic Income is generated from small scale enterprises (SME's), (REPOA, 2008). SME's helps in poverty reductions as well as employment creation. Now Tanzania is putting more emphasis on its policy of 'towards industrialization. This resulted to opportunities for establishment of SME's in Tanzania as well as education to the owners about EO becomes inevitable.

Basing on Roux1 & Bengesi (2014) in Dimensions of entrepreneurial orientation and SME's performance in emerging economies said that application of competitive advantage is helpful for long survive of the firm, also confirm that a shift from protective to open policies will increase proactiveness which will increase risk taking among SME's in Tanzania.

1.3 Statement of the Problem

Despite the importance of SME's towards the contribution of the Country economy, it has been difficult for SME's to survive and thrive due to poor performance. There are new businesses every time even though their performance is still poor, (Maswangayi, 2012). Many small Businesses are characterized by poor performance and statistics show that failure rate among SME's is 67%, (Boon & Theng, 1996). Basing on Kenya National Bureau of Statistics (2007) as cited by Mureithi et al (2009) argued that three out of five businesses failed during the first three years of operations in Kenya. Among many causes includes; not being able to anticipate or react to competition, new technology or other changes or lack of enough capital basing on Masilela & Rees (2001), poor plans and poor marketing strategies in which some causes can be solved

by government organs, the persistent poor performance among SME's could be solved by adopting Entrepreneurial Orientation strategies. Statistics shows a positive relationship between EO and Business Performance. However the fact that some literatures find little or no relationship between EO and Business performance necessitate further investigation about the relationship. Therefore the study focused on the role played by EO in increasing performance of the Business in Kinondoni Municipal so as to reduce persistent failures among SME's.

1.4 Research Objectives

1.4.1 General Objective

The general objective of the study is to determine the role of entrepreneurship orientation on business performance.

1.4.2 Specific Objective

- (i) To identify the dimensions of Entrepreneurial Orientation.
- (ii) To determine the indicators of business performance.
- (iii) To examine the relationship between dimensions of entrepreneurship orientation and business performance.

1.5 Research Questions

- (i) What are the dimensions of Entrepreneurial Orientation?
- (ii) What are the indicators of business performance?
- (iii) What is the relationship between dimensions of entrepreneurial Orientation and business performance?

1.6 Relevance of the Study

The findings of the study benefits the investors, stakeholders, directors, managers and academicians and other decision makers for several companies to understand how any enterprise should be entrepreneurial in nature as this helps them survive in Tanzania competitive environment where both local and foreign investors have strong competition. This inquiry also provides enough and reliable information about the dimensions of the EO and their relationships with BP. In Tanzania where survival rate of SME's is very low the study may be helpful as upcoming as well as existing entrepreneurs understand crucial things before entering/while in business.

1.7 Organization of the Proposal

The study has five respective chapters with the first highlighting the overview of the chapter which is the study for that matter. The second chapter shows the reviews of various scholars in relation to the study both theoretical and empirical; as well as the conceptual framework disseminating study variables. The third chapter shows the methodology the study employs to foster the filling of the knowledge gap. The fourth chapter indicates study results, analysis and the discussion in filling the knowledge gap. The last chapter which is the fifth one shows the study summary, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Chapter overview

The chapter consists of the following; conceptual definitions, theoretical literature review, empirical literature review, research gap and conceptual framework. They were shown as follows:

2.2 Conceptual Definitions

Entrepreneurship Orientation

Entrepreneurial orientation (EO) is a firm-level strategic orientation, which captures organization's strategy-making practices, management styles and firm's way to act entrepreneurial, (Lumpkin & Dess, 1996). According to Miller (1983) EO has three dimensions, which are Innovation, Risk Taking and Proactiveness. Later on Lumpkin and Dess (1996) increased other two EO dimensions, which are competitive aggressiveness and autonomy. It then made five dimensions of EO. Basing on Hughes and Morgan (2007) these dimensions can vary independently of each other and its okay if they vary as said by Lumpkin and Dess (1996) depending on environment and organizational context. Therefore for a firm to be entrepreneurial has to exhibit the five entrepreneurial orientations, which are;

Innovation is the strategy to come out with unique products/ideas through creativity and experiments (Lumpkin and Dess, 1996). Important of Innovation in Entrepreneurship was firstly introduced by Schumpeters (1942) through creative destructions that enabled wealth creation through establishment of new products that disrupt the current market and cause shift in use of resources.

Proactiveness. This refers to the ability to be the first to introduce something in the market basing on the market opportunity, being able to anticipate future demand and react fast or being the opportunity seeker. (Lumpkin, 2009) Thus proactiveness is also being able to respond to the unattended market opportunities.

Risk Taking. Risk taking is venturing into unknown. Basing on Cantillon (1734) as cited by Dave & Sharma (2011) stated that Cantillon who is the first to define Entrepreneurship, said the difference between Entrepreneur and employee is uncertainty and risk of self-employment. Therefore risk taking is used to describe entrepreneurship. Tang & Murphy (2012) argue that in high risk investments, only few people are willing to try to invest and those who invest are more likely to get high profit which leads to growth of the business. Therefore we expect a strong relationship between risk taking and business performance, (Keh, 2007).

Competitive aggressiveness is the way the company responds to the intense competition imposed by the competitors so as to maintain/increase its market share. It also shows the effort done by the firm to win its industrial rivals. Every SME need to have an aggressive mindset so as to be able to cope with technology, demand changes and take the competitive advantage, (Lumpkin & Dess, 1996).

Autonomy

Autonomy refers to an independent spirit, which is important for new-entry activity. In an organizational context it refers to action taken free from any organizational constraints. In an individual or team context it can be described as taking independent action or the ability and will to be self-directed in the pursuit of opportunities (Lumpkin and Dess, 1996). Autonomy is defined as independent action by an

individual or team aimed at bringing forth a business concept or vision and carrying it through completion (Lumpkin and Dess, 2001).

There are different levels of autonomy, depending on the types of actions or decisions a group can control (Gulowsen, 1972). There are two levels of autonomy, structural and strategic. Structural autonomy enables a team to solve a problem with self-determined means. Strategic autonomy refers to the extent to which a team has control over ends, i.e. its goals. Strategic autonomy enables a team to operate beyond normal organizational constraints in addressing what needs to be accomplished and how the objectives will be achieved.

Business performance

This refers how effective the business is performing whether poorly or excellent depending on its objectives. Firms set its objectives on the first years of operations both short and long term and how its going to compete so as to prosper (Bernadette & Gavin, 2001). Alastair (1999) suggests that business performance should be measured in terms of both monetary value and non-monetary values.

According to Buzzel and Gale (1987) business performance can be measured in terms of growth (in this case sales growth and the overall growth), profitability and increase in the market share through biting the competition. The age of business can also be a measure of Business Performance. This is because small firms at early stages aim to survive, (Fasci& Valdez, 1998). The primary concern of any business is profit due to the fact that performance and goal of any business is profit making. (O'Sullivan and Sheffrin, 2003). For the purpose of this study Business performance was measured in three indicators, which were market share, profit and sales growth.

2.3 Theoretical literature

Joseph Schumpeter's Innovation Theory

Schumpeter (1934, 1942) described the role of innovation in entrepreneurship. He said that entrepreneurship happen when the entrepreneur perform various tasks such as creating new product, Introduce new way to do the product, Discovers a new market for a product, Find a new source of raw materials or Find new ways of making things.

Schumpeter (1942) came out with Creative Destruction, which was the model that required the destruction of old technologies and replace it with new technologies. He argued that when you come up with new technology through innovation then you have competitive advantages over the rivals and therefore its easier to grow in the market. In his growth theory he said that technological progress comes from innovation, which is pursued by the firm in order to maximize profit. Schumpeter addressed the role of entrepreneur in innovation; any entrepreneur has to be able to exploit change as an opportunity for business. Entrepreneur has to look for sources of innovation, administer changes and see the signs of successful innovation. Therefore innovation being the key tools for a successful entrepreneur as well as for Entrepreneurial Orientation.

This theory has been criticized on the following grounds.

In his theory he identify innovation as the main source of economic growth, in fact innovation is not the only thing that can lead to growth as there as other factors like social and political factors. It is hard to differentiate between normal business activities and innovation. Innovation has become a routine job that no need for a

special person to conduct research so as to innovate. Therefore he had over magnified the place of innovation.

Relevance of the theory to the study

This theory is relevant in terms of differentiation. Due to internet nowadays business model of price reduction sometimes doesn't work due to price transparency as the rivals respond immediately to the price by reducing their prices too. When introducing new product or new features or new market it helps to differentiate one business from the other so price won't be the only determined factors for a customer to use such a product. Business will prosper and win rivals which leads to winning market share while always thinking of a new way to do things when competitors copy your ways.

Risk Bearing Theory

Hawley (1907) Profit is the reward of risk bearing. He explained it by saying that all businesses are inherited by some risk and it's hard to speculate the future. Entrepreneur alone is the one bearing the risk of future performance of the firm. Every other person working with the business has a certain fixed contract except the entrepreneur. This makes one characteristic of Entrepreneur being a risk bearer. According to Hawley there is a positive relationship between risk and profit, the high the risk the high the profit and vice versa.

This theory was criticized on the following grounds;

Profit is not a reward for risk bearing but for avoiding risk. There is no a straight relationship as to a certain extent of risk and a certain amount of profit. The risks that can be Insurable are shifted to the Insurance Company, as the Entrepreneur doesn't

bear them. The theory overlooks other factors that determine profit such as innovation, monopoly and others.

Knight (1921) refined the theory to understand differences between uncertainty and risk. Some risks are predictable and therefore can be insured while for those which cannot be predictable (uncertainty) cannot be insured. Therefore he said Profit is the reward of bearing Uncertainty (about the unknown future).

It was criticized on the basis that;

There are other factors determining profit apart from risk. Managerial skills lead to profit and not uncertainty. The theory ignored monopoly profit. Uncertainty bearing is not the only function of Entrepreneur.

2.4 Empirical Literature Review

Table 2.1: Empirical Literature Review

Author	Variables	Methodology	Findings
Sirivanh T & Sukkabot S (2014)	Risk Taking, Innovation, Proactiveness, Competitive advantages, Market share, customer satisfaction & financial growth	Structural Equation Modeling.	EO & Competitive Advantage has positively affected SME's Growth
Matchaba-Hove \$ Vambe (2014)	Risk Taking, Autonomy, Proactiveness, Innovation, Competitive Advantages, Profitability & growth	Pearson's product moment correlations & Structural equation modeling	The four EO are related to performance while risk taking is not.
Roux L.I & Bengesi M.K (2014)	Proactiveness, Risk Taking & Competitive Advantage	Pearson's Correlation and Multiple Regression	Strong relationship between EO and Performance
Tirfe A.G & Kassahun T (2014)	Innovativeness, Proactive and Risk Taking, Sales Growth & increase in Employment size	Regression Analysis	Majority of owners moderately practiced EO & EO positively influence SME's Performance
Lumpkin G.T & Dess G.G (2001)	Proactiveness Competitive Aggressiveness	Factor Analysis & Multiple Regression Analysis	Proactiveness affect early stage industrial devp firms, Competitive Aggressiveness is helpful on mature Stages, and these two variables varies independently.
Hosman et al (2011)	Proactiveness Risk taking Innovation	Factor Analysis	Strong relationship between proactiveness, innovation and firm performance during economic crisis and market turbulence but firm should decrease risk taking.
Hanifa N & Mahmood R (2013)	Proactiveness Risk taking Innovation	Regression Analysis	Strong relation between EO and Business Performance while Competitive aggressiveness mediates the relationship.

2.5 Research Gap

Although there are many researches done about the EO and Business Performance still there are few Research that are conducted in Tanzania and failure rate among SME'S is still high. According to Venezuela & Campos (2013) in his study. 'The relationship between entrepreneurial orientation, time orientation and small business performance: An evidence from Mexico' suggests that more research should be conducted so as to avoid a generalization. This research focused on how the EO affect performance as the business grow and provide an insight in the dynamic nature of the relationship between EO and Business Performance. This research targeted Kinondoni Municipality to see if EO is related to Business performance.

2.6 Conceptual Framework

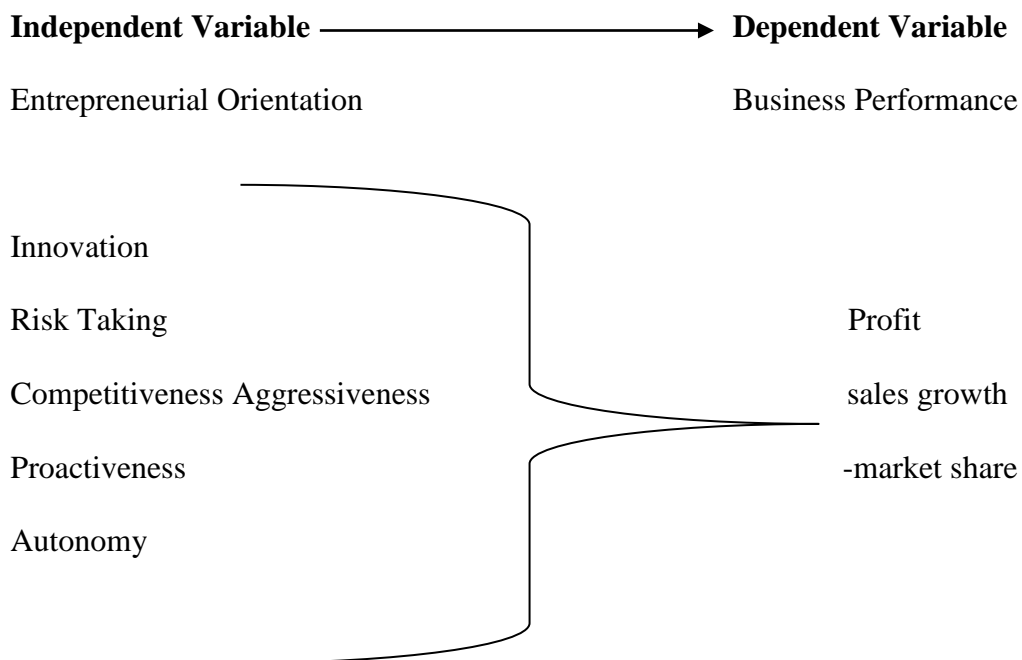


Figure 2 1 Conceptual Framework of the Study

2.6.1 Discussion of the Conceptual Framework

Independent variable: This refers to a variable that the researcher changes to test the dependant variable. A change in independent variable causes a direct change in dependant variable. These variables can be controlled and manipulated as well; in this case the independent variables were; Proactiveness, Innovation, Competitive Aggressiveness, Autonomy and Risk Taking.

Dependent variables are the variables to be tested in an experiment. Changes in dependent variables are influenced by changes in independent variable. In this research these variables were Sales growth, Profit and Market share.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Chapter overview

This section discussed the methodology of the study such as the study design research approach, sampling techniques, area of the study, sampling method and procedures, variables, methods of data collection and data processing and analysis.

3.2 Research Design

Bryman& Bell (2011) define research design as the framework for data collection as well as analysis. It reflects the decision about the importance of the dimensions of the research process in expressing the connections among the variables and understanding behavior and its meaning in social contexts. According to Kothari (2004) decisions about what, why, where the study will be conducted, what, where and when the data may be collected, sample design, techniques of data collection and analysis together with the report style constitute a research design.

A descriptive study was conducted to assess the characteristics of the Entrepreneurs in Kinondoni Municipal. Data were collected from different entrepreneurs in Kinondoni Municipal. This allowed the researcher to collect and analyze data in both qualitative and quantitative ways. The selection of sample simplified the collection of data in a cheaper way that represents the entire firm types in Kinondoni Municipal ranges from different industrial sectors, size, age and organization types. The researcher prepared pre-determined questions that were used to assess the role of Entrepreneurship Orientation on Business Performance in Kinondoni Municipality.

3.2.1 Population of the Study

Sekaran (2003) explain that a population in the research as an entire interested group of people, events or things that the researcher wish to know more about (investigate). The population of this study will be one hundred thousand (100,000) entrepreneurs in Kinondoni Municipal.

3.2.2 Area of the Study

The study took place in Dar es Salaam Region in Kinondoni Municipal Council. It involved owner of the businesses as well as top management for that business. This is because Dar es Salaam is the region with high population density in Tanzania (5million) therefore there are more business opportunities. The reason of choosing entrepreneurial orientation on business performance is due to the researcher being familiar on the field and simple in collecting data. This saved cost and time during data collection (Saunders et al 2009).

3.3 Sampling Design and procedures

The researcher used probability method to obtain the sample to represent the population being studied. Due to so many factors including time and cost it is difficult to access the whole population. Sample was randomly selected from the list of entrepreneurs in the municipal council.

Every entrepreneur in Kinondoni Municipal stood an equal chance of being selected. Simple random sampling minimizes the risk of bias in the data. Selecting the sample helped the researcher to use less time and cost in gathering data, Kothari (2004).

3.4 Sample Size

Basing on Dawson (2002) it is said that the higher the number of sample size the better but keep in mind time and costs restrictions. Normally, the size of the sample should neither be excessively large nor too small as it should be optimum. An optimum sample is one which fulfills the requirements of efficiency representativeness, reliability and flexibility. To achieve these sample size included one hundred and fifty (150) lists of entrepreneurs registered in Kinondoni Municipal council to represent all the entrepreneurs in the Municipal.

Furthermore questionnaires were administered to respondents irrespective of their marital status provided they own a business. This enhanced proper understanding of the posed questions and accurate information. According to (Polonia ,2013), Determining sample size that is optimum, requires hundred elements in the population sample that bring a significance level of about 95 percent by taking 5 percent of the population. By using formula it can be stated as:

Whereas
$$n = N / (1 + N * e^2)$$

n = the Sample size

N= the population size

e = the acceptable sampling error

*95% Confidence level and P = 0.5 are assumed.

Source: Israel, (1992)

3.5 Variables and Measurement Procedure

Measurement refers to the activity of assigning numbers to an object or observation. Scaling describes the procedure of using various measurements to a certain degree of

opinion, attitudes and concepts. In this research the researcher used the Likert scale method. Kothari (2004). The researcher constructed questionnaires on both variables which enabled the respondents to place a score on the scale. The scale was designed from highest to the lowest in a continuum.

Independent Variable

The Independent variable is the Entrepreneurial Orientation and the variables was be assessed based on the Likert scale on the adopted 15- itemized scale by Matsuno et al (2002) from five items of Proactiveness, Innovative and Risk Taking, Autonomy and Competitive Aggressiveness.

Dependent Variable

The dependent Variable is the Business Performance. It was assed based on Likert Scale in terms of the sales growth as adopted from Dobbs and Hamilton (2007), growth in market share by conquering competition and increase in Profit for the organization.

Table 3.1 Measurement of Variables

Types of Variable	Name of Variable	Definition of variable/Measurement
Dependent Variable	Business Performance	Market Share, Sales Growth and Profit being indicated by the number of sales growth each year, business outreach, reliability of sales as well as business growth and generation of new investments.
Independent Variable	Proactiveness	Flexibility, Positivism and Service orientation
	Innovation	Initiatives, Inspirational leadership and change behavior.
	Risk taking	Self confidence, achievement orientation and systematic thinking.
	Competitive Aggressiveness	Size of the market, uniqueness of the product, company's goodwill, price and popularity.
	Autonomy	Extent of which employees are allowed to work on their own.

Source: Author (2017)

Note:

Any changes in the Entrepreneurial Orientation factors lead to changes in the Business Performance Factors. Under *ceteris paribus*, there is direct relationship between business performance and the independent variables

3.6 Methods of Data Collection

The required data were collected from both secondary data as well as primary data. Secondary data include articles, official records, journals, reports as well as internet. This was helpful in finding answers to fundamental research questions. Primary data. Primary data were conducted using Structured and Unstructured questionnaires.

Questionnaires

Basing on Kothari (2004) Questionnaires are lists of questions prepared by the researcher to require an answer from the respondents. It consists of number of questions prepared in a definite form. The researcher handle the questionnaires to the respondents who are expected to read the questions, understand them and answer in a space provided. This method is cheap as it can reach even to people who are far by emails or fax, it can simplify the collection of data even from people who are hard to get a chance for an interview and eliminate the risk of bias in case of an interview.

3.7 Data Processing and Analysis

Data were analyzed based on Qualitative and Quantitative Data. This is based on Saunders et al (2012) on Mixed Methods Research where by both Qualitative and Quantitative methods of data Analysis can be used. One method might be used more than the other depending on how data is collected. In this research much is

quantitative with qualitative compliments. Quantitative data were analyzed using Coefficient Correlation and Regression Analysis. This helped in indicating the relationship between Entrepreneurs Orientation and Business Performance.

3.7.1 Multiple Regression Analysis

Multiple regression analysis was used to analyze the relationship between the dependent variable and independent variables. Multiple regression analysis enables the control of factors that simultaneously affect the dependent variable. It is used to develop a better understanding between these variables which are dependent and independent variables. (Gurarat & Porter, 2010). Multiple Regression Analysis is the mostly used method for analysis in social science. Data analysis will be done using multiple regressions in the form of :

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu_i$$

Where

Y= Business Performance (the dependent variable)

X_1 X_5 are the independent variables which are risk taking, innovativeness, competitive aggressiveness, autonomy and proactiveness consecutively

β_1 β_5 =are the coefficients.

β_0 = Constant

μ_i =stochastic disturbarnce term

i is the observation

The followings are the assumptions of Multiple Regression Analysis

(i) No Multicollinearity

The problem of multicollinearity arise when each of the variables in the independent variable are not independent in which its presence make it impossible to estimate the parameters of the model. Here we mean no exact linear relationship between two variables of the independent variables, (Gujarat & Porter, 2010).

(i) Assume a constant variance (homoscedasticity) of errors. If there is slightly difference the significance test will be slightly change but if there is huge difference the findings will be destructed.

(ii) No serial correlation. This is where the value of one independent variable is independent to one another example the value of $Y(x+1)$ is independent from the value of $Y(x)$. That means one value does not determine the other. (Gujarat & Porter, 2010).

(iii) Linearity between independent and Dependent Variables.

These variables have to be linear so as to enable the correct estimation of the relationship in multiple regression analysis, (Gujarat & Porter, 2010).

3.7 Expected Results of the Study

The study expected to find out the relationship that exists between EO and Business performance. All the dimensions of the EO showed how they affect the performance of the Business by using Correlation and Multiple Regression analysis.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

The chapter comprises the presentation and analysis of the results/findings of the study as obtained from the field through the respective sample size for the study. The results as outcomes were presented in line with the research questions guiding the study in ascending order.

- (i) To identify the dimensions of Entrepreneurial Orientation.
- (ii) To determine the indicators of business performance.
- (iii) To examine the relationship between dimensions of entrepreneurship orientation and business performance.

4.2 Validity and Reliability Analysis

Validity refers to the ability of an instrument to measures what is supposed to measure. There are three types of validity tests identified which were criterion, content and construct validity. Reliability is the ability of an instrument to come up with the same results over time (consistency). Therefore validity of data depends on the reliability of the data, Dennick (2011).

However, the performance of the inferential tests data quality was first performed to all study variables, which were validity and reliability. Validity was first performed in the pre-testing of the questionnaire used as the research tool to gather primary data relevant in filling the knowledge gap. Reliability of data was as well performed using Cronbach Alpha test, which is well illustrated using Table 4.1.

Table 4.1: Cronbach Alpha Test

Factor	Cronbach Alpha Values	Number of respondents
Proactiveness	0.821	150
Risk Taking	0.799	150
Innovativeness	0.813	150
Competitive Aggressiveness	0.839	150
Autonomy	0.857	150
Business Performance	0.772	150

Source: Field Data (2017)

Table 4.1 shows the Cronbach Alpha values of the study variables as shown in the data set. The results from the table shows that the variables are consistent and reliable because as suggested by Cortina (1993) values of the Cronbach ranging from 0.7 and above is the measure that the constructs on the variables are reliable. Consequently, the study variables are reliable and consistent.

4.3 Descriptive Statistics

The part shows results on the demographic features of the respondents, which are essential for the study as they constitute significant contribution to the study. In that case, the variables prompted for analysis were age, sex and or gender and education of the respondents, which are indicated as follows:

Descriptive statistics was used to give out the summaries of the sample and observation made. Those summaries are quantitative that are simple to understand and formulate the basis for this research work.

Table 4.2: Demographic Table

Age	Frequency	Percent
Under 20	28	18.7
21-29	41	27.3
30-39	37	24.7
40-49	26	17.3
Above 50	18	12
Gender		
Female	64	42.7
Male	86	57.3
Education		
Primary Education	68	45.3
Secondary Education	43	28.7
Tertiary Education	39	26
Total	150	100

Source: Field Data (2017)

Results of the study showed variation of age groups among entrepreneurs in Tanzania that 28 respondents (18.7%) were under 20 years; 41 respondents (27.3%) were between 21 and 29 years; 37 participants (24.7%) were between 30 to 39 years; 26 respondents (17.3%) were between 40 to 49 years; and 18 respondents (12%) were above 50 years.

This implies that entrepreneurial activities in different ventures are performed and conducted by people as individuals in different age groups either youth, young, and adults. The view corresponds with REPOA (2008) that entrepreneurial activities are performed and conducted by people of all age groups such as the young, youth, teenagers, adults and the elderly as means to earn income and living.

Also the study results are clear that female participant as respondents to the study were 64 (42.7%); while male respondents as participants to the study were 86 (57.3%). This implies that in Tanzania both men and women as individuals and people

are engaged in entrepreneurship provided that it is an activity, which suits them in earning their living.

The view in line with Shane (2003) that entrepreneurship in society and or country is performed and engaged by any one as the member regardless of their sex category. This also is the same in Tanzania though the men are perceived to exceed women a little bit in the activities.

Moreover, study results on the education level of the respondents indicated that 68 respondents (45.7%) had primary education; 43 respondents (28.7%) had secondary education; and 39 respondents (26%) had tertiary education. This implies that entrepreneurial activities are engaged by anyone regardless of their level of education since it constitutes income generating activities as both educated, non-educated and the semi-educated ones are all engaged in the activity.

The view corresponds with Lumpkin and Dess (2001) suggests that entrepreneurship is a venture which is engaged by all people regardless various forms of differences including education status and level that both the educated and non-educated ones are also engaged in entrepreneurship in different scales of success.

4.4 Dimensions of Entrepreneurial Orientation

The study indicates results on the dimensions of entrepreneurial orientation in the respective context being studies to fill the knowledge gap pertaining to the particular inquired concern. In that regard, the dimensions were asserted and well-articulated through Factor Analysis so as to observe its variability and potential factor of

entrepreneurial dimensions. Since that is the case, the study revealed five dimensions which were tested to establish the basis as the dimensions for entrepreneurial orientation which are proactiveness, risk taking, innovativeness, competitive aggressiveness and autonomy. They are illustrated as follows.

4.4.1 Proactiveness

The concern on this is to show whether proactiveness as the predicting study variable fits to be a key dimension in entrepreneurial orientation. The study for that matter is verified using illustrations in table 4.5 with its relevant measures.

Table 4.3: Factors on Proactiveness

Factors	N	Mean	Std. Deviation
Seeing business opportunities before others	150	3.3624	1.7523
Best ways of doing things at work	150	3.2643	1.4723
Making ideas win among other opposition	150	3.3627	1.2734
Making things happen regardless of their circumstance	150	3.7359	1.9355
Finding solution before it is too late	150	2.8253	1.4625
Valid N	150		

Source: Field Data (2017)

Table 4.3 indicate results that the level of minimum dispersion of the opinion among respondents did not differ much as the variance between variables is not high. This shows that indeed respondents agreed that the above mentioned statements are factors influencing proactiveness with significant contribution to business performance. Thus indicate that proactiveness serve as among key dimension on entrepreneurial orientation. The view corresponds with Chandy and Narasimhan (2011) that proactiveness among entrepreneurs is an important remedy for an individual to perfect

in the venture because for one to be a good entrepreneur must be able to spot opportunities and venture into them before others.

Despite that, the concerned individual(s) must be willing and able to perform issues and duties as well as opportunities without taking into account the view of others even if they are opposed provided that an opportunity has been spotted. However, an entrepreneur must be able to develop and find solutions on issues and concerns before it is too late.

4.4.2 Risk Taking

Despite proactiveness, the concern is to show and indicate whether risk taking as the study predictor fits as the dimension of entrepreneurial orientation. In that note, the results were illustrated and shown in Table 4.6.

Table 4.4: Complements on Risk Taking

Complements	N	Mean	Std. Deviation
Execution of plans which believes to work	150	3.4725	1.42344
Risk taking in choosing the job	150	2.4753	1.39363
High job security and job with steady income	150	3.3725	1.83529
It is the job I am familiar with	150	2.4723	1.23725
Risk is the situation to be avoided in the business	150	3.9365	1.48360
Valid N	150		

Source: Field Data (2017)

Results in Table 4.4 shows that the statements above are the complements on risk taking as the key entrepreneurial dimension with significant contribution on business performance. This is due to the fact that results indicate clearly through the values of the mean and standard deviation as the level of difference among respondents is highly minimal and the value of the mean range close to each other; though avoidance of risk seems to be highly influential than others as complements to risk taking.

This entails that this variable is strong and significant predictor as the dimension of entrepreneurial orientation in Tanzania and that risk taking is a positive dimension on entrepreneurial orientation. The view is in line with Lumpkin and Dess (1996) that risk taking is among the key important aspect in entrepreneurship due to the fact that the practice in spotting and identifying opportunities and venture into them constitute risk taking measures whereas sometimes may not be understood by some members within; but may require to be actively pursued for positive outcomes to take place.

4.4.3 Innovativeness

The study shows the fact that innovativeness is the dimension of entrepreneurial orientation in Tanzania through the variables in place to complement innovativeness. Therefore, this has been fostered through Table 4.5.

Table 4.5: Factors for Innovativeness

Factors	N	Mean	Std. Deviation
Searching for new processes, technologies and techniques	150	4.2846	1.4473
Generation of creative ideas	150	3.5736	1.3372
Promotion of new ideas to others	150	3.4679	1.5729
Gathering of funds to implement new ideas	150	2.3752	1.3746
Development of new plans to execute new ideas on time	150	3.4736	1.4736
Valid N	150		

Source: Field Data (2017)

Table 4.5 indicates that innovativeness is clearly supported by the mentioned sub variables within as factors with significant contribution to business performance through the values of the mean and standard deviation as they show the level of respondents not to differ much in their responses so they strongly agreed. This implies that all variables were positive and strong to indicate innovativeness as the dimension

of entrepreneurial orientation in Tanzania. The view corresponds with Maswanganyi (2012) that a good entrepreneur must be innovative due to the fact that the development and growth of the business depends on the entrepreneur innovativeness and creativity.

4.4.4 Competitive Aggressiveness

The study seeks to show the competitive aggressiveness as the dimension of entrepreneurial orientation through the sub variables within to be tested for verification. Since that is the case, the results are shown in Table 4.8.

Table 4.6: Factors for Competitive Aggressiveness

Factors	N	Mean	Std. Deviation
Growth of business market	150	3.3725	1.2534
Provision of distinctive products to the customers	150	3.7456	1.4763
Popularity of company's products in the market	150	3.8934	1.4725
Company's products are cheaper in the market	150	2.4734	1.8634
Customer care and orientation as a result of goodwill	150	2.2575	1.5824
Valid N	150		

Source: Field Data (2017)

Results in Table 4.6 shows that the all five variables are positive and congregating with competitive aggressiveness as the determinant in business performance as a results of entrepreneurial orientation. Therefore, it is clear that the variables are strong predictors of competitiveness aggressiveness as the dimension of entrepreneurial orientation. The view corresponds with Bernadette and Gavin (2001) that competitive aggressiveness is among the key remedy in entrepreneurship to the extent that a good entrepreneur must have competitive mind and aggressive.

4.4.5 Autonomy

The intention is to show the fact that autonomy is a dimension pertaining to entrepreneurial orientation in Tanzania through the sub variables used as predictors to autonomy. Therefore, the results were shown in Table 4.7.

Table 4.7: Indicators of Autonomy

Indicators	N	Mean	Std. Deviation
Work management among employees	150	3.3754	1.372
Flexibility to resolve problems among employees	150	3.4836	1.458
Independent job performance among employees	150	2.3256	1.583
Employees perform tasks without too much supervision	150	2.9542	1.362
Creativity among employees	150	3.6423	1.562
Valid N (list wise)	150		

Source: Field Data (2017)

Table 4.7 shows that the five variables as predicting units to autonomy in relation to business performance through entrepreneurial orientation are accurate and valid in the sense that they all relate positively since as the minimum of dispersion is highly low. This implies that autonomy is the strong and significant dimension on entrepreneurial orientation. The view is supported by Roux and Bengesi (2014) that a good entrepreneur must constitute a good degree of autonomy on decision making and all to do with the business because in certain conditions and situations entrepreneur must constitute an independent mind, thinking and decision on activities.

4.5 Indicators of Business Performance

The study indicates results on the indicators of business performance through factor analysis technique to show the relationship between predicting variables, which are

market share, profit and sales growth on business performance. Therefore, the analysis and discussion of the results are indicated in the following manner.

4.5.1 Market Share

The variable entails the fact that market share is among the influencing variable on business performance as a result of entrepreneurial initiatives. The results are shown in Table 4.8.

Table 4.8: Factors on Market Share

Factors	N	Mean	Std. Deviation
Sales increase in each year	150	3.2635	1.8462
Good company outreach	150	2.1426	1.7256
Company output increase	150	2.3723	1.3826
Low production capacity compared to the demand	150	2.2600	1.2746
Increase in product outlet and demands through management	150	3.7005	1.4736
Valid N	150		

Source: Field Data (2017)

Table 4.8 shows that market share is significant on business performance since the five determinants as sub variables are all accurate and positive with significant contribution on market share through entrepreneurial orientation which implies that performance of the business is determined and influenced to a certain extent by market share initiatives. The view is in line with Buzzel and Gale (1987) that performance of any business is dependent upon the market due to the fact that a business constitutes goods and or services supplied in the market to be consumed by customers to the extent that market share is very important for the business to get a segment in the market.

4.5.2 Profit

The concern is to validate the fact that profit influence business performance as the study predictor through the respective sub variables of the study. Therefore, the results are shown through Table 4.9.

Table 4.9: Profit Indicators

Indicators	Std. Deviation		
	N	Mean	
Profit being the main determinant of business performance	150	3.9463	1.4836
Business growth and development is associated with profit	150	2.4825	1.6894
Profit making is the heart of business performance	150	2.2800	1.8957
Business performance is closely measured by profit margin index	150	2.3726	1.1367
Business performance is also determined by profit generation	150	3.3849	1.3712
Valid N	150		

Source: Field Data (2017)

Table 4.9 shows the fact profit as the determinant and influencing variable on business performance. This implies that profit is the strong predictor on business performance since all criteria are significant. The assertion is supported by O’Sullivan and Sheffrin (2003) that primary concern of any business is profit due to the fact that performance and goal of any business is profit making and generation at ascending rate.

4.5.3 Sales Growth

The study aimed to show the fact that sales growth influence business performance since it is considered as the predicting variable for the study. The results are illustrated in Table 4.10.

Table 4.10: Determinants of Sales Growth

Determinants	N	Mean	Std. Deviation
Sales are determinants on business performance	150	2.3700	1.8463
Sales determines profit which are essential in business performance	150	2.2457	1.5673
Sales growth influence massive cash flow which influence business performance	150	2.7469	1.3257
Sales performance is closely related to business performance	150	2.773	1.2773
Business performance and sales growth are two sides of the same coin	150	3.739	1.4853
Valid N	150		

Source: Field Data (2017)

Table 4.10 indicates that sales growth is the determinant of business performance as a result of entrepreneurial initiatives, which implies that the practice entails performance of the business activities. The view is supported by Alastair (1999) that sales are essential and important remedy and aspect in business as they influence performance because the sales are essential and most important and core practices in business to enable acquisition of wealth and income essential for performance of the business.

4.6 Relationship between Dimensions of Entrepreneurship and Business Performance

The study indicated the existing relationship between study variables both independent and dependent ones which are entrepreneurial orientation and the business performance. The independent variables as study predictors within entrepreneurial orientation constituted five variables namely proactiveness, risk taking, innovativeness, competitive aggressiveness, and autonomy. Dependent variable on the other hand which is business performance has been measured on the

causality model using three variables which are market share, profit and sales growth. Since that is the case, the relationship between variables of the study was presented and shown through correlation and multiple regression analyses to fill the knowledge gap of the study.

4.6.1 Correlation and Multiple Regression

Correlation and multiple regression analysis were performed to show and indicate the existing relationship between dimensions of entrepreneurship and business performance whereas dimensions of entrepreneurial orientation is the independent variable with five identified study predictors; and business performance as the dependent variable. In that case, the overall influence of the study predictors was conducted first to establish whether the study hypotheses are positive or negative on the dependent variable through model fitness test. Therefore, the analysis is shown and illustrated through Table 4.11.

Table 4.11: Model Fitness Test

Model	R	R square	Adjusted R Square	Std error of estimate	Change statistics			Durbin-Watson
1	.856	.720	.715	53.142	.416	92.144	.000	1.998

Source: Field Data (2017)

Study Predictors: Proactiveness, Risk Taking, Innovativeness, Competitive Agressiveness and Autonomy.

Dependent Variable: Business Performance.

Table 4.11 shows the total contribution of the study independent variables in their totality on business performance as the dependent variable of the study through the value R^2 . Since that is the case, the results are clear that dimensions of

entrepreneurship influence business performance to a great scale and margin by 72% through proactiveness, risk taking, innovativeness, competitive aggressiveness and autonomy. In that understanding, it is evident that study predictors are positive and to the extent as assumptions they have been met.

4.6.2 Testing the Assumptions of Multiple Linear Regression Normality Test

The findings were presented through Table 4.12.

Table 4.12: Normality Test

Factors	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Proactiveness		.426	150	.000	.610	150 .000
Risk Taking		.524	150	.000	.625	150 .000
Innovativeness		.539	150	.000	.604	150 .000
Competitive Aggressiveness		.362	150	.000	.646	150 .000
Autonomy		.487	150	.000	.617	150 .000
Business Performance		.391	150	.000	.624	150 .000

a. Lilliefors Significance

Correction

Source: Field Data

Table 4.12 shows that the P-value of proactiveness is 0.000 and risk taking is 0.000 and all other factors have 0.000 probability using Shapiro-Wilk test of normality. This probability values greater than the 0.01 level of significance indicating that the two variables are normally distributed, However, the P-value of reduction of interest rate is

0.000 is less than the level of significance at 0.01. The results show that the two variables are not normally distributed. Ghasemi & Zahedias (2012) with large sample size which is greater than 30 or 40 like the sample used in this study, violation of normality assumption should not cause major problems meaning that sampling distribution tends to be normal regardless of the shape of data.

Homoscedasticity test

Heteroscedasticity means presence of error of variance in the linear regression model which is a violation against homoscedasticity variance assumption. Gujarati and Porter (2010) state that heteroscedasticity can be diagnosed by using White Test. According to them, White Test can be done by comparing the value of calculated and observed Chi-square values by using the formula: $\chi^2 = N \times R^2$ whereby χ^2 is the calculated Chi-square, N is the number of observation and R^2 = R-Square or coefficient of determination.

The rule of thumb is: When Chi-square calculated is less than Chi-square observed there is no heteroscedasticity problem in the model. From the data analysis (Table 4.13) $R^2=0.720$ and $N=150$, therefore calculated $\chi^2 = 0.720 \times 150 = 108$ while the Chi-square observed at 0.05 level of significance and $N=148$ is 110. This indicates that calculated Chi-square is less than observed Chi-square which means that the model does not exhibit heteroscedasticity problem.

Multicollinearity Test

Findings were illustrated in Table 4.13.

Table 4.13: Multicollinearity Test

		Coefficients	
		Collinearity Statistics	
Model		Tolerance	VIF
1	Proactiveness	.524	2.036
	Risk Taking	.577	2.261
	Innovativeness	.313	1.364
	Competitive Agressiveness	.435	1.374
	Autonomy	.273	2.783

a. Dependent Variable: Business Performance

Source: Field Data

Though, the correlation is significant the coefficient on the other hand is small which signifies the presence of absence of multicollinearity. This is a problem which is best handled by multiple regression analysis which shows the contribution of each study predicting variable on the business performance as the dependent variable.

4.6.3 Correlation Analysis

The analysis seeks to show the variable among independent ones which influence business performance as dependent variable best than others in the data set. Therefore, the results are illustrated in Table 4.14.

Table 4.14: Correlation Analysis

		Business Performance	Peactiveness	Risk taking	Innovativeness	Competitive Aggressiveness	Autonomy
Sig-(1-tailed)	Business Performance	1	.000	.000	.000	.000	.000
	Proactiveness	.000	1	.075	.030	.006	.009
	Risk Taking	.000	.075	1	.030	.006	.009
	Innovativeness	.610	.002	.030	1	.050	.006
	Competitive Agressiveness	.000	.030	.004	.009	1	.006
	Autonomy		.043				1

Source: Field Data (2017)

Table 4.14 shows the values of correlation on all variables of the study both dependent and independent. The results are open that the highest correlation among all independent variables in the data set is on risk taking with the value of .578 with .000 level of significance. This entails that business performance as the dependent variable is best influenced by risk taking as the entrepreneurial dimension. Though, the correlation is significant the coefficient on the other hand is small which signifies the presence of absence of multicollinearity. This is a problem, which is best handled by multiple regression analysis which shows the contribution of each study predicting variable on the business performance as the dependent variable.

4.6.4 Multiple Regression Analysis

The analysis seeks to show the contribution of each predicting variable of the study on the dependent variable. The model was specified as follows:-

$$BP = \beta_0 + \beta_1 PR + \beta_2 RT + \beta_3 INN + \beta_4 CA + \beta_5 AUT + \mu_i$$

Whereas β_0 is the constant coefficient, β_1 to β_5 are the coefficients of the independent variable and μ is the standard error. Therefore, the results are shown through Table 4.15.

Table 4.15: Multiple Regression Analysis

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. error	Beta		
(constant)	-26.113	7.657		-1.633	.127
Proactiveness	.076	.007	.540	12.135	.000
Risk Taking	2.637	.253	.498	11.173	.002
Innovation	.017	.065	.561	13.251	.000
Competitive Agressiveness	2.264	.251	.513	12.784	.000
Autonomy	.012	.057	.015	.213	.783

Source: Field Data (2017)

$$BP = -26.113 + 0.76PR + 2.637RT + 0.017INN + 2.264CA + 0.12AUT + \mu$$

The specific objective was to determine the relationship between Entrepreneurial Orientation and Business Performance. Multiple regression analysis was performed so as to achieve this objective. The components of the Entrepreneurial Orientation as the independent variable were Proactiveness, Risk Taking, Innovation, Competitive Aggressiveness and Autonomy. Table 4.17 above shows that the Unstandardized Coefficient of Proactiveness is positive 0.076 with t test 12.135 and standard error of 0.007, Risk Taking show Unstandardized Coefficient of 2.637 with t test 11.173 and standard error 0.253, Innovation show Unstandardized Coefficient of 0.17 with t test 13.251 and standard error 0.065, Competitive Aggressiveness show Unstandardized Coefficient of 2.264 with t test 12.784 and standard error 0.251 and lastly Autonomy show Unstandardized Coefficient of 0.012 with t test 0.213 and standard error 0.057, while the result from standardized coefficient were 0.540, 0.498, 0.561, 0.513 and 0.015 for Proactiveness, Risktaking Innovation, Competitive Aggressiveness and Autonomy consecutively.

The table indicates results of the study pertaining to the individual contribution of the predicting study variables on business performance as the dependent variable that among five study predictors; four variables with an exception of autonomy namely proactiveness, risk taking, innovativeness and competitive aggressiveness are positive and statistically significant on business performance as the dependent variable. Autonomy as the study predictor is positive to business performance though statistically is insignificant.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Chapter Overview

This chapter contains the discussion of the finding presented in chapter four. Descriptive analysis was used to analysis the characteristics of the respondents using tables. Multiple regression analysis was used to analyze the role of entrepreneurial Orientation on Business performance while correlation analysis was used to show the relationship between entrepreneurial orientation and Business Performance. It also presents the discussion about the findings and what different authors said in the literature review. This discussion is done following the order of the specific objectives as follows:

5.2 Proactiveness and Business Performance

The results showed that proactiveness as the independent variable is positive and statistically significant at .540 with T value of 12.135 (.000). This implies that business performance through entrepreneurial dimension is influenced by proactiveness as an initiative to be undertaken. The view corresponds with Alastair (1999) that a good entrepreneur to venture into the business and proper in terms of performance and output needs to be proactive in practice and performance as well. This is due to the fact that it is considered among strong remedy for success in business.

Bernadette and Gavin (2001) on the other hand suggest that proactiveness is very important among individual(s) a s a single person or in group(s) to venture into the

business and succeed. This is due to the fact that business requires individual inner strength to develop patience and desire to pursue and continue regardless of the situations present. This is mostly achieved and realized through adequate and strong proactive characters and features among entrepreneurs.

5.3 Risk Taking and Business Performance

The results of the study showed that risk taking as the independent variable and the study predictor is positive and statistically significant on business performance as the dependent variable at .498 with T value of 11.173. This is the fact that business performance is determined by risk taking on entrepreneurial dimension. The view is supported by Chandy and Narasimhan (2011) that business growth and development by an individual and or individuals in any arrangement constitutes risk taking as among the key variable and or factor.

This is due to the fact that business practices are always competitive in the market to the extent almost each and every step undertaken including investment is risk which is worked upon to produce desired positive outcomes. Shane (2003) on the other hand suggests that entrepreneurial success in business involve risk taking as the major step because the investment performed in the market in most cases is done while there are other business in existence which entails risks. On top of that, most of the ventures and undertakings constitute risk practices in the business because there are always competitors and competition.

Basing on Hawley (1907) Risk taking is one among the characteristics of the Entrepreneur. Entrepreneur bear the risk without having completely knowledge of

what will happen in the future. He added by saying the higher the risk the higher the return. This factor is proven in Kinondoni Municipal basing on the collected and analyzed data. If An Entrepreneur is expecting reward then he/she has to take the risk of investing.

5.4 Innovativeness and Business Performance

The study results showed that innovativeness as the predicting and independent variable on business performance is positive and statistically significant at .561 with T value of 13.251. This implies that business performance is facilitated by innovativeness through entrepreneurial dimension. The assertion is in line with Lumpkin and Dess (2001) that business practices through entrepreneurship may achieve a great deal of success and performance based on creativity and innovativeness of the concerned entrepreneur.

This is the fact as the heart and desire to foster and advance lies within the owner of the business whereas the more creative and innovative one is the higher the performance and success; whereas vice versa is also true. Lumpkin and Dess (1996) on the other hand provide that, business activities in most cases and situations are entrepreneurial activities and initiatives whereas their success and or failure largely depends upon the creative and innovative means and nature of the owner(s). This is evident that the future and success of the business lies on their hands through creative ideas and measures which are attainable for further growth and development.

These finding agree with Schumpeter (1942) in chapter two that explained the role of innovation in business by always find new ways of doing things that will differentiate

you from other competitors in the market. Innovation is important because nowadays market changes rapidly.

5.5 Competitive Agressiveness and Business Performance

The study results showed that competitive aggressiveness as independent variable of the study is positive and statistically significant on business performance at .513 with T value of 12.784. This entails that business performance through entrepreneurial orientation is also fostered through competitive aggressiveness. The view corresponds with Maswanganyi (2012) that business growth and development in line of entrepreneurship must constitute the nature and character of competition and aggression by the entrepreneur.

This is highly important and necessary due to the fact the market is always competitive and keeps on expanding with more business incorporated of similar category and or different with lines of threat as competitors. Moreover, markets and the environments are dynamic and not static since they undergo constant changes as a result of technological changes, cultural changes and other factors. With that, for business to perform well in line of entrepreneurship it is important for the entrepreneur(s) to be competitive and aggressive in nature so as to attain the growth rate required for the business to stay successful.

5.6 Autonomy and Business Performance

Results of the study showed that autonomy as the study predictor and independent variable is positive but insignificant statistically on business performance at .015 with T value of 213. This entails that business performance in line with entrepreneurial

orientation is influenced by autonomy. The view corresponds with REPOA (2008) providing that businesses are best to be well performed by owners in different levels and scales provided they can have good degree of autonomy especially in decision making on affairs concerning their businesses which are good and positive even if they are opposed by many; since they see to produce good results may be undertaken without fear and or favor. Autonomy is good because it creates and encourages innovation, which is good for SME's to bit the rivals.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 Overview

The chapter presents the summary of the study, conclusion of the study, recommendations as well as the area for further research.

6.2 Summary

The study examined the role of entrepreneurial orientation on business performance in Tanzania with specific reference to Kinondoni Municipality as the relevant area of study. The study was guided by three research questions from specific objectives. The main study approach as the methodology used and applied was positivist. Primary and secondary data were both used to fill the knowledge gap. Analysis was performed and conducted using both descriptive statistics and inferential tests to fill the knowledge gap. Frequency tables and percentages were used to show results on demographic features of the respondents. Factor analysis, correlation and multiple regression analyses were used to present data pertaining to the study context, which was basically the relationship entrepreneurial orientation and business performance. Results showed that dimensions of entrepreneurial orientations were all significant and positive as variables. Also, indicators of business performance were all found positive and significant in all their degrees of freedom. Finally, there is strong and positive relationship between entrepreneurial orientation and business performance in Kinondoni Municipality because all five predictors as independent variables to business performance are positive; though four with an exception of autonomy were statistically significant and one was not statistically significant though positive.

6.3 Conclusion

6.3.1 Dimensions of Entrepreneurial Orientation

Innovation, Competitive aggressiveness, proactiveness, risk taking and autonomy were found to be the dimensions of the EO .All the study predictors revealed that these dimensions are applicable in determining Entrepreneurial Orientations although risk taking proved to be higher than other dimensions.

6.3.2 Indicators of Business Performance

The study found that business performance is influenced by sales growth, profit as well as market share. Therefore the dimensions of business Performance were found positive since the study through objective data revealed all indicators to be significant and string in all their degrees of freedom.

6.3.3 Relationship between EO and Business Performance

Regardless of that, there is strong relationship between entrepreneurial orientation and business performance with all predicting variables being positive. In that case, it is important for entrepreneurs to embrace the EO strategies to embed success in business since they reflect realities of the specific context of the study.

All in all, entrepreneurial orientation has positive and strong contribution as well as influence on business performance in Kinondoni Municipality in Tanzania because it is evident as the study results, which the objective indicated that all suggested dimensions of entrepreneurship in the area are strong and significant in all their degrees of freedom.

6.4 Recommendations

6.4.1 Dimensions of EO

The study recommend that all entrepreneurs should learn and apply EO before and while doing the Business. This will help to have sustainable profitable business.

6.4.2 Indicators of Business Performance

Since the aim of any business is growth though increase in market share, sales growth as well as profit. It is recommended that business should keep on doing the evaluation each year to see if these Performance measures are met. This will be a great indicator of whether the business is worth it or not.

6.4.3 Relationship between EO and Business Performance

Since there is positive relationship between entrepreneur rial orientation and business performance in Kinondoni Municipality; the study for that reason recommends that the identified remedies must be incorporated in the teaching curriculum in Tanzania education system in all levels from primary to higher learning institutions on entrepreneurship since they reflect realities on the specific context.

The study recommends that all the SME's should adopt EO strategies that will help increasing the performance of the businesses. Moreover all the managers/owners of the SME's should formulate policies and procedures within their companies that will enable employees to be creative, always act proactively and encourage autonomy, this will help to bit rivals in the market.

6.5 Areas for Further Research

This study focused on the Role of Entrepreneurial Orientation on Business Performance in Kinondoni Municipal. There is a need for further research to cover the whole country of Tanzania to see if the result will come out similar. Further research is needed to cover how EO affects Business Performance in Economic deflection where the purchasing power of citizens is extremely low.

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APPENDIX

Appendix I: Questionnaires

THE OPEN UNIVERSITY OF TANZANIA

FACULTY OF BUSINESS MANAGEMENT: DEPARTMENT OF MARKETING AND ENTREPRENEURSHIP

Dear respondents,

I am a student of The Open University of Tanzania Business School pursuing Masters of Project Management. I am conducting a study on the role of Entrepreneurial Orientation on Business performance as a requirement for partial fulfillment of the requirements for the award of Masters of Project Management of The Open University of Tanzania. I therefore request you to fill this questionnaire as soon as possible. All your responses will serve academic interests only and will be regarded confidential.

SECTION A: GENERAL DATA

1. Gender: Male ☐ Female ☐
2. Marital status: Single ☐ Married ☐ Divorced ☐ Others specify.....
3. Age: Under 20 ☐ 21 – 29 ☐ 30 – 39 ☐ 40 – 49 ☐ 50 & Above ☐
4. The highest level of formal education:
Primary Level ☐ O' Level ☐ 'A' level ☐ Tertiary Degree ☐ others.....
5. Type of manufacturing engaged in.....
6. Location of the business by Division.....
7. For how long has your business been in existence?

1 – 2 years ☐ 3 – 5 years ☐ 6- 10 years ☐ Over 10 Years ☐

8. The current number of employees in this business is:

1-10 ☐ 11 -25 ☐ 26-40 ☐ 41- 50 ☐ Over fifty ☐

SECTION B

Guidelines

Tick the appropriate box or correct response on the basis of the following scale

1	2	3	4	5
Strongly disagree	Disagree	Not sure	Agree	Strongly Agree

Entrepreneurial Orientation		Level of Agreement				
		1	2	3	4	5
	Proactiveness					
1	I normally see business opportunity before others					
2	Usually I look for best ways of doing thing at the work					
3	I always make my Idea win even among other opposition					
4	If I believe in it, I always make it happen regardless the circumstances					
5	I always find solutions before its too late					
6	I have always being the pioneer for a constructive change					
	Risk Taking					
7	I always execute a plan that I am sure it will work					
8	I normally take risk when choosing a job					
9	I usually prefer a high security job with a steady income					
10	I prefer the job that has problem I am familiar with.					
11	I usually view risk in business as a situation to be avoided about					
12	I always feel safe to make work related decision					
	Innovativeness					
13	I search out for new processes, technologies, techniques etc					
14	I normally generate creative ideas					
15	I usually promote new ideas to others					
16	I often secure funds needed to implement new ideas					
17	I always develop enough plans to execute the new ideas on time					
18	I normally look for an adventure					

	Competitive Aggressiveness					
19	The business market has been growing					
20	We provide distinctive products to our customers					
21	The Company's products are popular in the market					
22	The Company's products are cheaper in the market					
23	Most of our customers come from our products due to goodwill.					
24	Our transaction costs per one client is high					
	Autonomy					
25	Employees in small business are encouraged to manage their own work					
26	Employees in small business have enough flexibility to resolve problems					
27	Employees in small business have independence in doing their job					
28	Employees in small business do their job without too much supervision					
29	Employees are allowed to be creative and try new things to accomplish their job					
30	Employees are allowed to make decision without going through approve stages					
	Business Performance	Level of Agreement				
	Market Share	1	2	3	4	5
1	Our annual sales greatly increase each year					
2	The Company's outreach is so good					
3	The Company is likely to increase its output this year					
4	The production capacity is small compared to the demand					
5	Management is considered to increase product outlet to increase demand					
6	The Company stock turnover is high					
	Profit					
1	Profit is the main determinant of business performance					
2	Business growth and developed is primarily associated with profit					
3	Profit making is the heart of the business performance					
4	Profit generation for further investment is among the measures for adequate business performance					
5	Business performance is the closely measured by profit margin index.					
6	Profit depletion and fall is the measure towards under performance of the business					
	Sales Growth					
1	Sales are reliable determinants on performance of the					

	business					
2	Sales determines profit which are essential for business performance					
3	Sales growth influence massive cash flow essential as the measure for business performance					
4	Performance of sales is clealy related to business performance					
5	Business performance and sales growth are two sides of the same coin.					